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NEWS RELEASE

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_____ Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced the arrests and unsealing of a 42 count indictment in a multi-million dollar pyramid fraud scheme, perpetrated through churches in Virginia, North Carolina, Missouri, Illinois, New Jersey, and Georgia.

Charged in the indictment were: Lamont C. Knight, age 43, of Richmond, Virginia, who was a pastor of a local church and also the President of Athletes for Jesus; Richard A. Hertz, Sr., age 51, of Richmond, Virginia, who was also a minister in a local church; Thomas W. Hoffer, Jr., age 35, of Richmond, Virginia; and Clyde E. Austin Sr., age 45, a former resident of Cary, North Carolina, and Las Vegas, Nevada, who was also a former professional basketball player and a pastor of a church in Cary, North Carolina, and Las Vegas, Nevada.

Each defendant has been charged with multiple counts of mail fraud, wire fraud and money laundering. Mr. Knight was also charged with two counts of perjury. According to the indictment, the defendants promoted an "investment" program, involving "high yield trading" financial instruments that paid higher than market rates of return. Employing this scheme, the defendants obtained more than \$10 million from more than 200 potential investors. Many of these investors, who were members of churches associated with the defendants, invested their retirement funds from their IRA and 401(k) accounts.

The indictment also alleges that it was part of the scheme that the defendants made the following false and fraudulent statements: (1) they had access to various secret and exclusive investment opportunities and financial instruments not available to the general public; (2) they would place investor's funds into "high yield investment programs" which involved the overseas trading of financial instruments or notes, or some other lucrative business activity; (3) the "high yield trading programs" generated profits for investors at greater than market rates of return, and in some instances as high as 10% per month or more; (4) investors' investment principal would be at little or no risk; (5) investors' investment principal would be returned to investors upon the expiration or maturity of their investment terms; (6) the "high yield trading programs" involved claimed debentures, bonds, the World Bank and/or the International Monetary Fund, real estate, pooled investments, and other lucrative business activities; and (7) defendants had successfully earned similarly large profits for themselves and others by investing in such "high yield trading programs."

Mr. McNulty stated: "What makes this case most egregious is that religious leaders preyed upon their parishioners for their personal enrichment. This office will aggressively prosecute such conduct to safeguard our citizens from all forms of fraud."

Mr. McNulty is joined in this announcement by Donald W. Thompson, Jr., Special Agent in Charge of the Federal Bureau of Investigation, Richmond Field Division, and Susan Dukes, Special Agent-in-Charge of the Criminal Investigation Division, Internal Revenue Service.

The case is being investigated by the Federal Bureau of Investigation and the Internal Revenue Service. The government is represented by Assistant United States Attorney David T. Maguire and Trial Attorney Rina C. Tucker of the Fraud Section of the United States Department of Justice.

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